
Health Insurance Exchange Planning for Rhode Island

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June 27, 2011

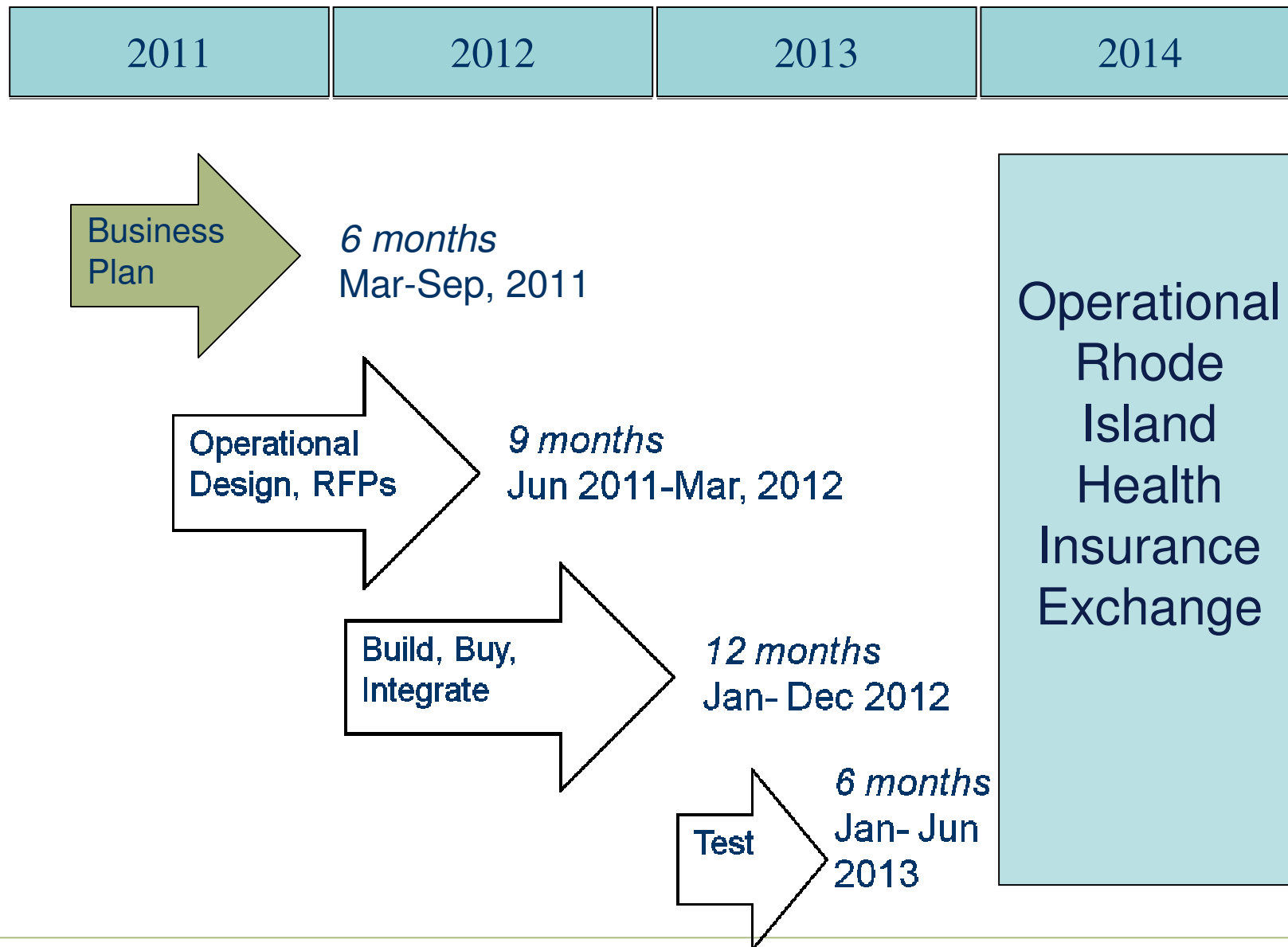
Agenda

- ❖ Background and Context

- ❖ Models to be Explored

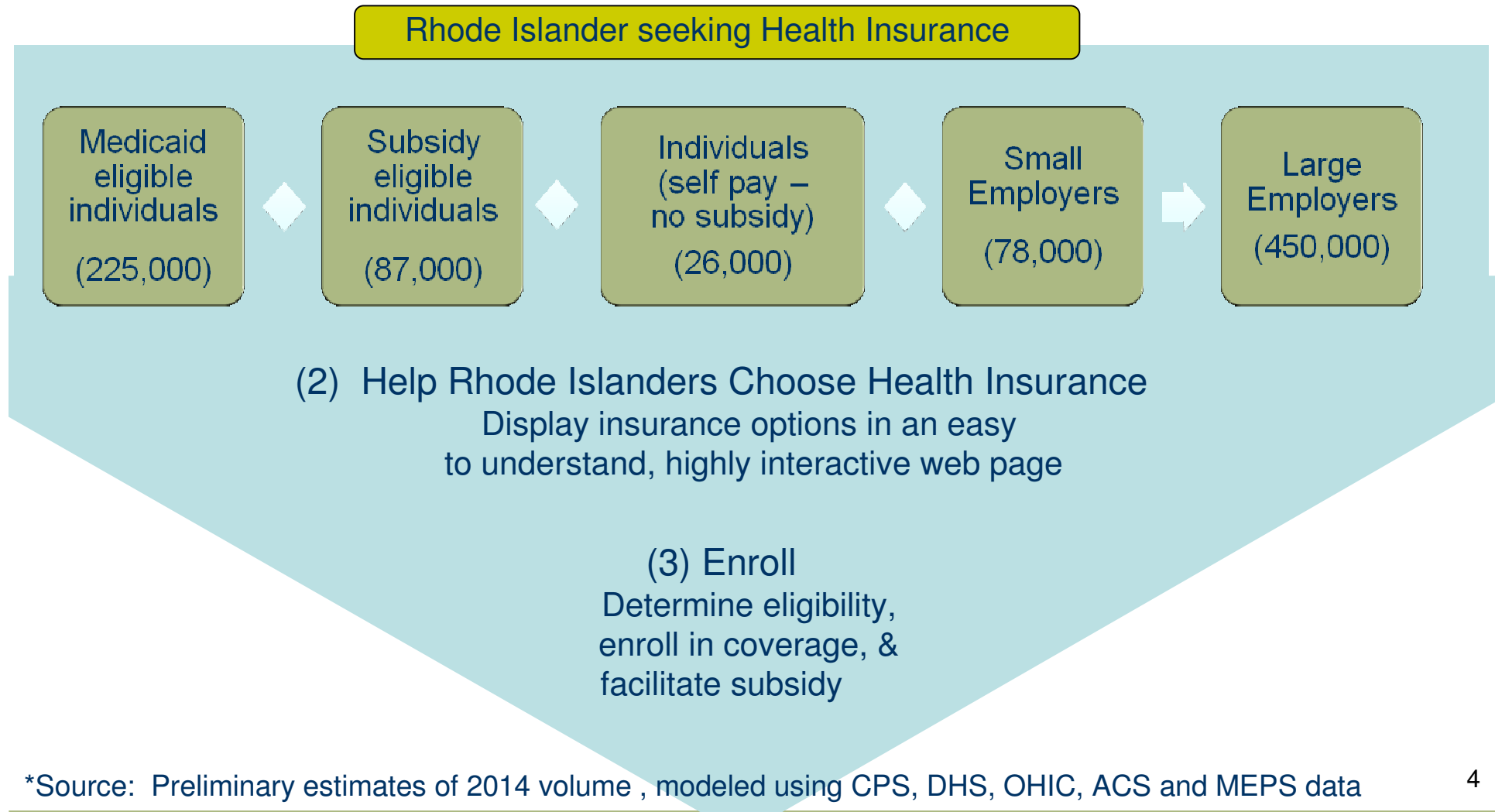
- ❖ Next Steps

Getting to 2014: Approach



Reminder: What is an Exchange?

- (1) Web Portal: a robust marketplace for all Rhode Islanders to identify health insurance options and purchase coverage



Rhode Island Starting Point

Key Strategic Questions:

- How best to serve low income Rlers, 133-200% FPL?
- How do we create value for individuals?
- How do we create value for small employers?
- How to create a self sustaining Rhode Island exchange?

Starting Point for Individuals

- ❖ Rite Care Program
- ❖ Individual Insurance Market
- ❖ Size and Scale

Starting Point: Rlte Care Program

- ❖ Expanded Rlte Care Coverage
Already covers 9,000 parents, 21,000 children over 133% FPL
- ❖ Effective Rlte Care procurement model
Quality standards, Low trend
- ❖ Specialized Medicaid Managed Care Carriers (MMCOs)
Neighborhood, 67% share of RlteCare
UHCNE, 32% share of RlteCare

Key Strategic Issue:

How best to serve low income Rlters, 133-200% FPL

Starting Point: Individual Market

Current Market

14,000 covered lives

Single Carrier: BCBSRI

Two Risk Pools
Carefully regulated cross subsidies

Rates below Small Group Levels

Post 2014 Market

Up to 113,000 eligible individuals
(up to 87,000 subsidy eligible)

Exchange
Competitive Market, New Entrants?

Single Risk Pool
reinsurance, risk adjustment

?? What will happen to rates??

Key Strategic Issue:

How do we create value for individuals?

Starting Point: Size and Scale

Legal Residents Under 65: *Numbers in thousands*

Insurance Status	Today	Maximum Potential Enrollment* After Reform, 2014
Uninsured <i>(not including undocumented immigrants)</i>	95	0
Medicaid	163	225
Individual Insurance	15	113
Commercial Small Group	88	78
Commercial Large Group/SI	506	450
TOTAL	866	866

* Max enrollment assumes all those eligible for alternate forms of insurance enroll.

Key Strategic Issue:

How to create a self sustaining Rhode Island Exchange?

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Rhode Island Starting Point

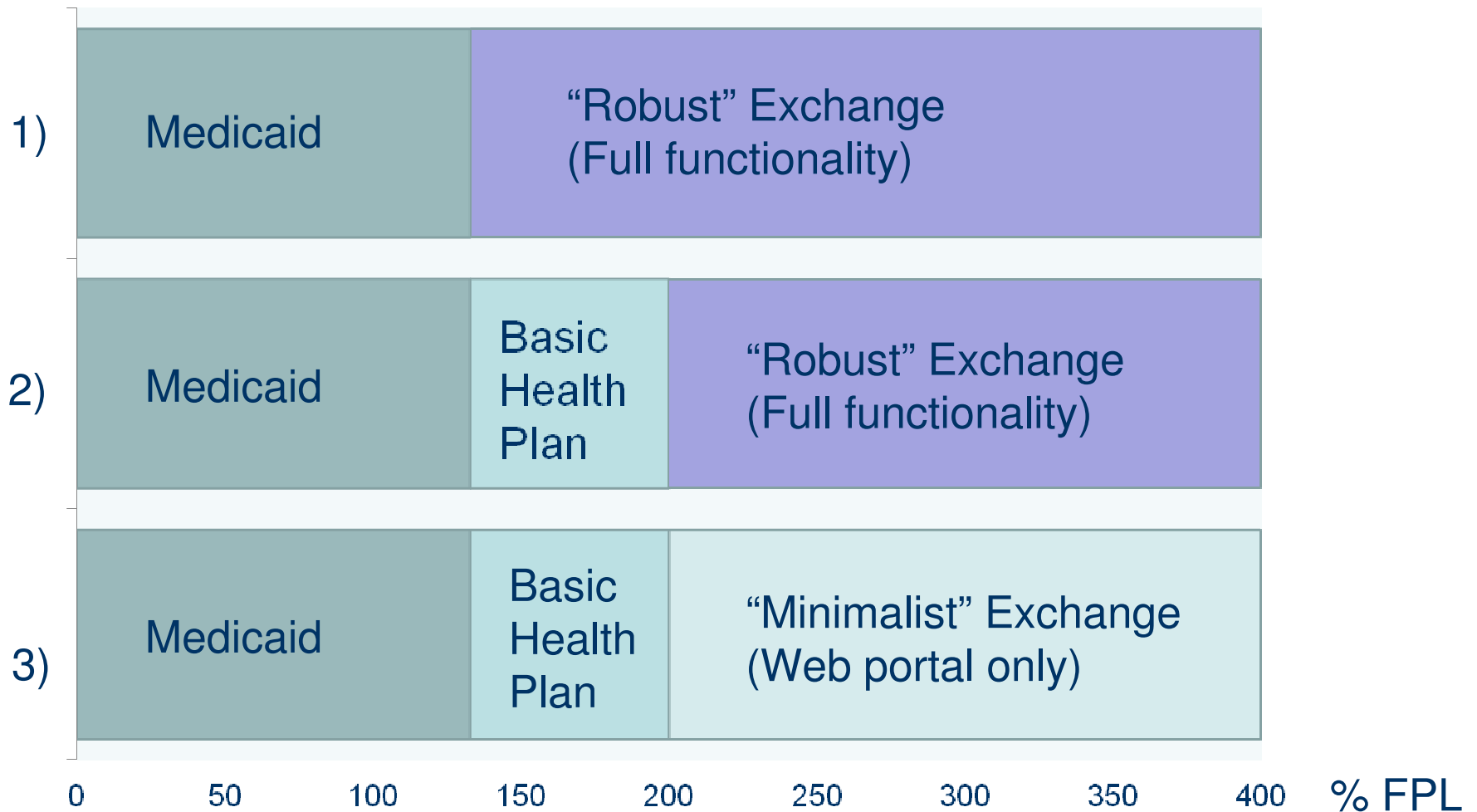
- Small number of potential covered lives
- One current carrier; limited opportunities for competition among carriers
- Given small scale, operational costs of exchange are an important consideration
- Basic Health Plan (BHP) will be an important decision point for RI

Context: Basic Health Plan

- Optional program for state
- BHP would take those below 200% FPL out of exchange and cover them through a separate program
- State would get 95% of premium and cost-sharing subsidies for this population to fund the program
- Decision about BHP has design implications for non-group exchange

Potential Exchange Models: Creating Value for Individuals

Three possible models:

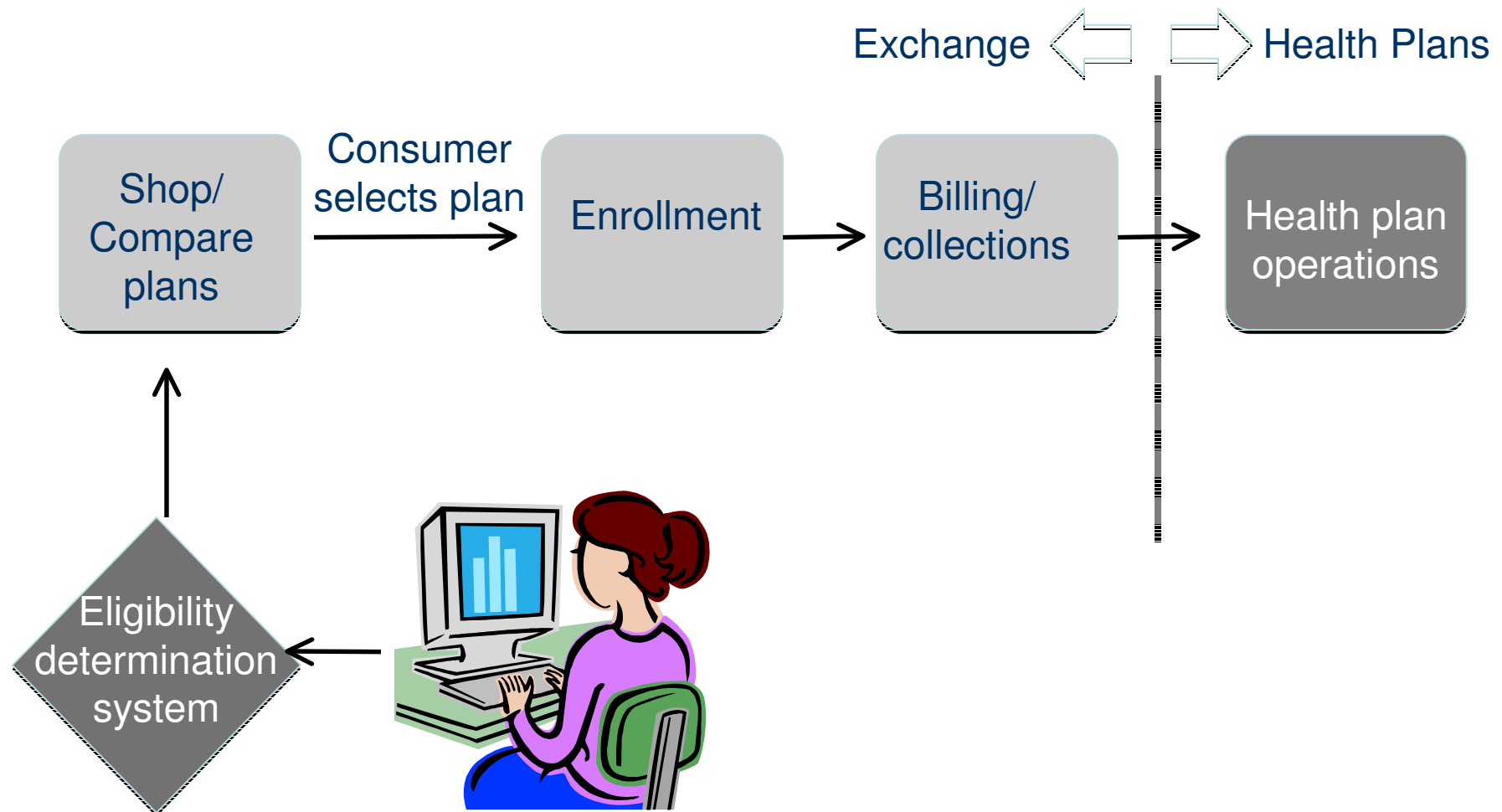


*Due to Maintenance of Effort, children up to 250% FPL will be covered by Medicaid (CHIP) in any of the above models.

1. Robust exchange for all above 133% FPL

- No Basic Health Plan
- Population above 133% FPL would be in an exchange
 - Exchange with full (or “conventional”) exchange functionalities
 - Explore integration with SHOP and other mechanisms to increase scale

1. “Robust” Exchange: Core Functions



1. Robust exchange for all above 133% FPL

- Rationale (to be tested/assessed this summer)
 - Twice the scale (though still modest) for the exchange
 - Less financial risk to the state (no BHP)
 - Potential for broader choice of QHPs for enrollees

2. Basic Health Plan for below 200% FPL, with “robust” exchange

- Population below 200% FPL would be in a Basic Health Plan
- Population above 200% FPL would be in an exchange
 - Exchange with full (or “conventional”) exchange functionalities
 - Explore integration with SHOP and other mechanisms to increase scale

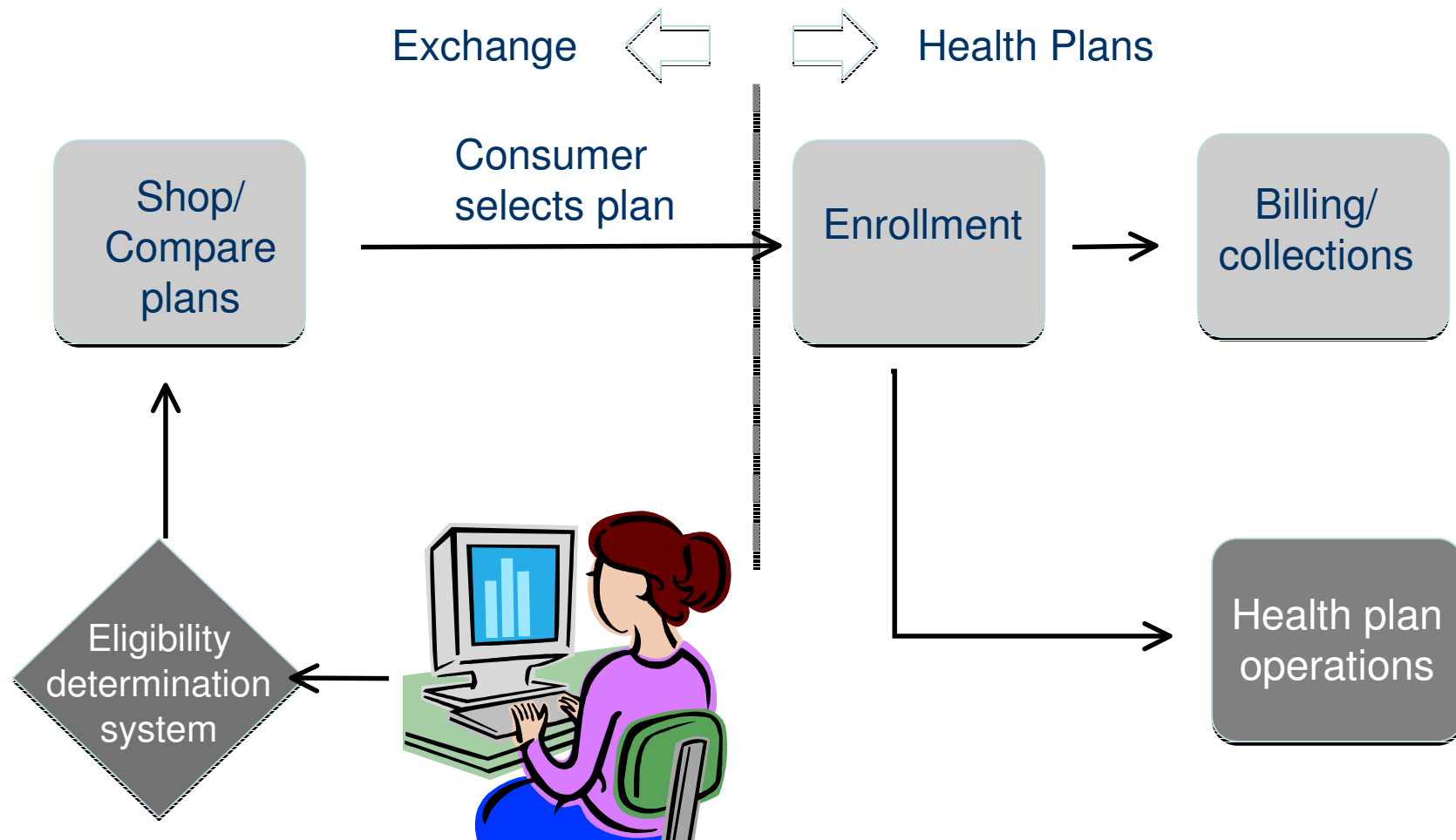
2. Basic Health Plan for below 200% FPL, with “robust” exchange

- Rationale (to be tested/assessed this summer)
 - Potential for cost savings to state and enrollees, with lower cost trends over time
 - Continuity of coverage for families <200% of FPL, keeping families together
 - Potential for broader choice of QHPs

3. Basic Health Plan for below 200% FPL, with “minimalist” exchange

- Population below 200% FPL would be in a Basic Health Plan
- Population above 200% FPL would be in a “minimalist” exchange
 - Web portal that facilitates shopping among existing commercial carriers
 - Lean operating footprint

3. “Minimalist” Exchange: Core Functions



3. Basic Health Plan for below 200% FPL, with “minimalist” exchange

- Rationale (to be tested/assessed this summer)
 - Potential for cost savings to state and enrollees, with lower cost trends over time
 - Continuity of coverage for families <200% of FPL, keeping families together
 - Low operating cost for the non-group exchange

Questions for Analysis

- How can the exchange best serve individual purchasers in the exchange?
 - What are risks/benefits of a Basic Health Plan?
 - What are costs/operational requirements for each of the possible exchange models?
- How feasible are each of the models?
 - Financial considerations
 - Legal considerations
 - Operational considerations
- How well do the models meet the needs/preferences of consumers?

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Exchange Models: Next Steps

- ❖ Options for Small Businesses: To be discussed next time
- ❖ Wakely will work with RI to further refine/analyze these models
 - Feasibility
 - Value
 - Cost
- ❖ Questions/Comments?